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Canada. Agricultural and rural  
development act  
Profile



NUMBER 1

DRAFTED

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# FRED: Fund for rural economic development

## Briefs.....

- a million of Canada's poor are located in seven rural areas which suffer from economic and social disadvantages
- all these disadvantaged regions have development potential and can be helped through the Fund for Rural Economic Development (FRED)
- the FRED legislation was passed by the Parliament of Canada in May, 1966
- FRED provided a total of \$300 million to raise incomes and improve living standards in designated rural development areas
- FRED funds are spent in conjunction with integrated federal and provincial development programs
- federal-provincial programs initiated and implemented under FRED complement activities under ARDA (Agricultural and Rural Development Act)
- FRED legislation provides that an area selected jointly by the provincial and federal governments is eligible for special assistance if the two governments can agree on a satisfactory regional comprehensive rural development program
- areas jointly selected for assistance must be subject to widespread low income and major adjustment problems . . . but they must also have recognized development potentials
- FRED makes possible the incorporation of all relevant existing federal and provincial measures of assistance into comprehensive plans and, in addition, makes it possible to either augment these programs or undertake new programs that may be indicated as necessary to meet the special problems of the area
- research and formulation of a comprehensive rural development plan are the first steps in making available FRED assistance to a designated area
- a federal-provincial agreement covering implementation of the proposed development program and the terms of financing the various projects is the next step
- for the purpose of federal-provincial consultations, a joint federal-provincial advisory board is appointed
- as in the case of ARDA, the active interest of the people directly concerned is essential to the success of FRED programs.

**D**espite our 20th century affluence, too many Canadians living in rural areas (see chart, next page) have failed to reach a level of living adequate to meet basic requirements for food, shelter, health and education. All of these people are poor by our national standards. Almost two million are poor by any standards. Of the latter group, approximately one million are located in seven severely disadvantaged rural areas. These areas have been designated under the ARDA program as *Special Rural Development Areas*, by the federal government and the province concerned, and have become eligible for special assistance available through the Fund for Rural Economic Development.

FRED or Fund for Rural Economic Development is the result of federal legislation passed by the Parliament of Canada in May 1966. It provided a sum of \$300 million to be spent in conjunction with other integrated federal and provincial programs to raise incomes and improve living standards in *Special Rural Development Areas*.

### THE CHALLENGE

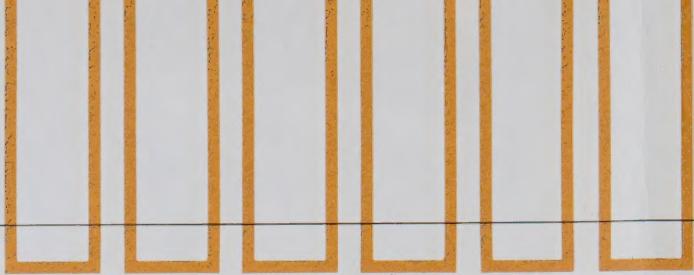
Without exception, these disadvantaged areas have to contend with some of the following serious economic and social factors:

- they are, generally, far removed from large and viable economic centres;
- the primary resource base is limited or depleted;
- large-scale unemployment or underemployment is prevalent;
- the level of education and skills is generally low and upgrading and training opportunities are lacking;
- the income level is low compared with that of the country as a whole and employment opportunities are limited.

The involvement of government in the economy of these regions, imposes the requirement of continuing



# profile



## PERCENTAGE OF RURAL FAMILIES CLASSIFIED AS POOR\* BY PROVINCE

0    10    20    30    40    50    60    70    80

Canada

Newfoundland

Prince Edward Island

Nova Scotia

New Brunswick

Quebec

Ontario

Manitoba

Saskatchewan

Alberta

Br. Columbia

\*Farm sales of less than \$3,750 gross or non-farm income less than \$3,000.

Based on Economic Council of Canada — Special Study No. 7.

and effective co-operation not only between the different levels of government, but also at each level between the various departments and agencies.

### WHAT IS FRED?

The Fund for Rural Economic Development is not a substitute for the ARDA program — it is an important adjunct — it complements the Agricultural and Rural Development Act. FRED provides for development programs that cannot be undertaken alone by ARDA or by other federal and provincial means. Actually, the Fund for Rural Economic Development fills the gaps left by other development programs and supplements federal and provincial budgets so that they may meet the requirements imposed by the strategy of development in designated areas.

In short, FRED might be described as *an economic and social lever*.

### HOW DOES IT APPLY?

As soon as an area has been designated jointly by the federal and provincial governments its problem and potential are examined in detail and definite steps are taken to ensure development:

- a comprehensive rural development plan is formulated;
- upon approval of this plan by both governments a formal agreement is signed;
- the agreement outlines the general strategy for development, makes provision for implementing projects and sets out the terms of financing;
- a staff of specialists, some of whom may have worked on the formulation of the plan, is recruited to co-ordinate and ensure its orderly implementation through the various federal and provincial agencies and departments concerned with individual aspects. This team includes a program director appointed by the province and a federal program administrator who, together with such staff as required, manage the program;
- a joint federal-provincial advisory board, with senior representation from each government is established as a permanent vehicle for federal-provincial consultations. This board, meeting at least twice a year, re-examines the objectives of

the plan and evaluates the progress of implementation. It also reviews the annual budget and the financial forecasts, examines the timing and success of programs and projects and, where required, recommends modifications designed to improve the over-all implementation of the plan.

## LOCAL PARTICIPATION

During the various stages of investigation, planning and implementation of a comprehensive rural development program, local participation is actively sought and encouraged. Indeed, such participation is essential to success. Through the process of community involvement and social animation, local people are organized to discuss their problems and to suggest program activities. As they become more knowledgeable they take a more active part in the planning of programs. Finally, during the implementation stage they perform an important advisory service in determining the manner in which the total plan is executed.

## THE LEGISLATION

An Act to provide for the establishment of a fund for the economic and social development of special rural development areas (assented to July 11, 1966).

### Extracts—

#### Fund for Rural Economic Development

##### Section 3.

(1) There shall be established in the Consolidated Revenue Fund a special account to be known as the Fund for Rural Economic Development.

(2) All amounts required to be paid by the Minister under agreements entered into under subsection (1) of section 4 shall be paid by the Minister of Finance out of the Consolidated Revenue Fund from time to time on the requisition of the Minister and charged to the Fund.

(3) The amounts that may be paid by the Minister of Finance pursuant to subsection (2) shall not exceed in the aggregate fifty million dollars.\*

#### Comprehensive Rural Development Programs

##### Section 4.

(1) The Minister may, on the recommendation of the Advisory Board and with the approval of the Governor in Council, enter into an agreement with any province providing for:

- (a) the undertaking jointly with the province or any agency thereof of a comprehensive rural development program in a special rural development area; or
- (b) the payment to the province of contributions in respect of the cost of a comprehensive rural development program in a special rural development area undertaken by the government of the province or any agency thereof.

(2) No agreement shall be entered into under this section after the 31st day of March, 1970.

(3) The Minister shall, in carrying out any comprehensive rural development program, make use, wherever possible, of the services and facilities of other departments of the Government of Canada or of any agencies thereof.

\*Increased to three hundred million dollars by an amendment act, assented to March 10, 1967.

## OTHER PUBLICATIONS ON COMPREHENSIVE RURAL DEVELOPMENT — AVAILABLE ON REQUEST FROM THE RURAL DEVELOPMENT INFORMATION SERVICE, DEPARTMENT OF FORESTRY AND RURAL DEVELOPMENT, OTTAWA, CANADA.

An Act to provide for the establishment of a fund for the economic and social development of special rural development areas (14-15 Elizabeth II Chap. 41, July 11, 1966).

An Act to amend the fund for Rural Economic Development Act (14 - 15 - 16 Elizabeth II, Chap. 80, March 10, 1967).

Northeast New Brunswick Federal-Provincial Rural Development Agreement.

Mactaquac Regional Development Plan (Summary Report).

Mactaquac Area Federal-Provincial Rural Development Agreement.

Guidelines for Development—The Interlake Region of Manitoba.

Interlake Region of Manitoba Federal-Provincial Rural Development Agreement.

Development Plan for the Pilot Region: Lower St. Lawrence — Gaspé — Magdalen Islands.

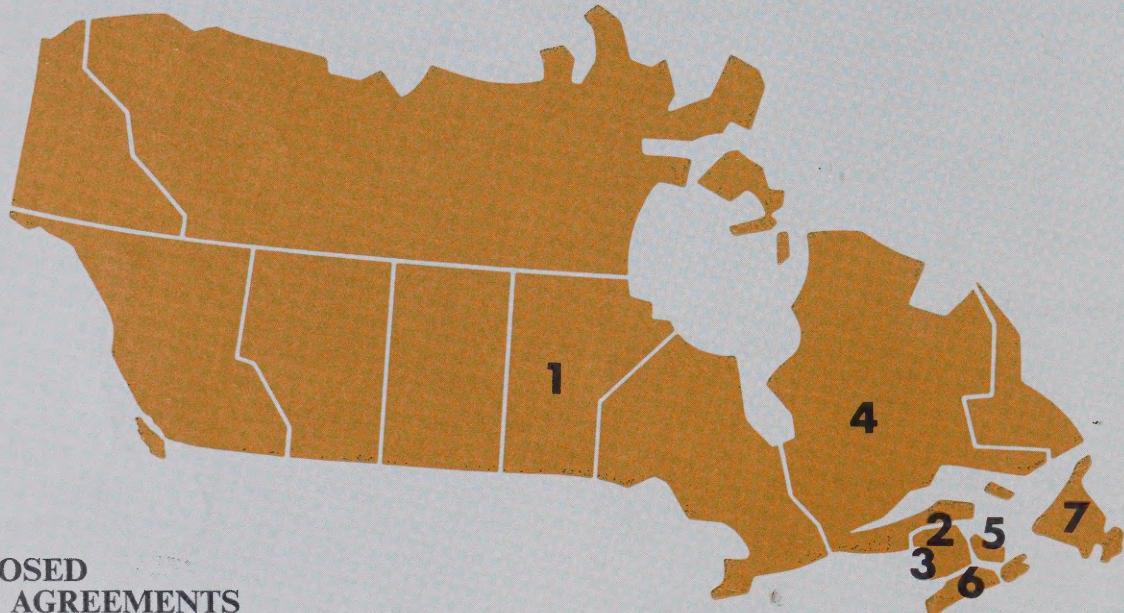
## CURRENT FRED AGREEMENTS

Locality  
Area (sq. miles)  
Population  
Agreement signed  
Development costs  
Federal contribution  
Provincial contribution

**1 Manitoba**  
Interlake Region  
10,000  
59,270  
May 16, 1967  
\$85,085,000  
\$49,562,000  
\$35,523,000

**2 New Brunswick**  
Northeast Region  
6,500  
106,000  
Sept. 20, 1966  
\$89,250,000  
\$62,136,000  
\$27,114,000

**3 New Brunswick**  
Mactaquac Region  
1,000  
10,200  
Sept. 20, 1966  
\$20,950,000  
\$15,358,000  
\$5,592,000



## PROPOSED FRED AGREEMENTS

Locality  
Area (sq. miles)  
Population  
Agreement signing  
Development costs  
Federal contribution  
Provincial contribution

**4 Quebec**  
Lower St. Lawrence-Gaspé, Magdalen Islands  
16,000  
322,500

**5 Prince Edward Island**  
Entire province  
2,184  
109,000

**6 Nova Scotia**  
9 Northeastern Counties  
10,251  
310,786

**7 Newfoundland**

Under Negotiation April 1968

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Ottawa, 1968

# profile

NUMBER 2

## REGIONAL IMPROVEMENT through a self-help program

**A**N ambitious and challenging self-help program has been successfully launched in the Madawaska region of New Brunswick. The project, initiated under ARDA, has as its objective the improvement of economic and social conditions. The area, bounded on the south by the State of Maine and on the northwest by the Province of Quebec, comprises the county of Madawaska, the parish of Drummond and the town of Grand-Sault, in the county of Victoria.

Largely through the efforts of the Northwest Regional Development Council, the residents have become aware of the problems facing the region and are working towards solutions. The Council's attention has been focused mainly on:

- a detailed study of prevailing conditions;
- an inventory of the region's potential, its physical resources and available manpower;
- defining the end objectives that will bring about the rational development of agriculture, forestry, industry, tourism, handicrafts, etc.;
- improving the teaching facilities in order to upgrade the level of education;
- creating a skilled-labour force;
- promoting the active involvement of the population in order to achieve at the local level a better understanding of the many problems existing in the area.

The Federal and Provincial Governments have also provided help to the region in the form

of technical and financial assistance to the Northwest Development Regional Council.

The region studied by the Council covers 1,057,680 acres. It has a population of 45,842, with 60 per cent living in rural areas. The region includes six urban parishes, located in Edmundston, Grand-Sault and St. Leonard, and 15 rural parishes. Agriculture and forestry are the region's main economic activities.

### AGRICULTURE

According to the 1961 Census, there were approximately 1,200 farms in the area; by 1966, this number had dwindled to slightly more than 850, the decrease reflecting a trend which is apparent across Canada. In 1966, the total farm income for the area was estimated at \$2,390,450, for an annual gross average of approximately \$2,800.

Farm incomes are derived mainly from three sources, crops, livestock, and logging operations. In 1961, farm products had a total value of \$1,148,610, with potatoes as the main crop; livestock income amounted to \$1,061,990, while the sale of forest products brought \$178,612. The estimated value of the farms under operation was \$3,481,700, land holdings and buildings accounting for \$2,453,500, farm implements \$634,200 and livestock \$394,000. The majority of farmers own their property and, on the whole, farm operations are being increasingly mechanized.

A detailed study of the agricultural situation has indicated that better results in farm development could be obtained in the Mada-

# profile

## CRANO

### (Conseil Régional d'Aménagement du Nord-Ouest)

CRANO is a voluntary private organization composed of 47 delegates selected among the population of the County of Madawaska, and the northern part of the County of Victoria, in New Brunswick. Its aim is to improve the social and economic level in this depressed area of Canada.

Each of the 21 parishes of the region has two representatives on the Council. The other members represent the three municipalities located within the region, Edmundston, Grand-Sault and St. Leonard, and the College de St-Louis.

Within the Council, seven special committees have been established to study the problems in the fields of education, tourism, industry, agriculture, forestry, manpower, and handicrafts. Furthermore, local committees have been established at the parish level.

The Government of New Brunswick is co-operating with CRANO through the Special Committee on Development made up of specialists and provincial government personnel. The Committee, in co-operation with the Regional Council and local subcommittees, was requested to make a survey of the physical and human resources of the region and to suggest recommendations.

Under the ARDA program, the Federal and Provincial Governments made a yearly financial contribution to the Northwestern New Brunswick Development Regional Council towards the implementation of its program of socio-economic improvement in the region.

waska region. Obviously, one of the problems facing the farmer is the inadequate acreage of the average land holding. Some 43 per cent of the farms in the region cover less than 130 acres. According to CRANO (Conseil Régional d'Aménagement du Nord-Ouest) authorities, farmers must consolidate and re-organize their operations, with the assistance of private organizations, co-operatives and government services. Keeping this in view, they must not only direct their efforts towards the modernization of farm equipment, but must also adopt without delay the techniques required for the successful operation of larger farms.

## FORESTRY

Logging is an important part of the economic life in the Madawaska area. Close to 1,000 workers are employed in logging operations every year. A large number of these forest workers leave their community to work in areas where logging seems more profitable.

In a survey conducted by the Council's Special Committee on Development, with the co-operation of a consulting firm, the impact of the technological changes in logging methods on manpower was analysed.

It is estimated that within five or six years, forest harvesting will be carried out with fewer workers, resulting from the implementation of new logging methods and mechanization of the industry. There is every reason to believe that these changes will have beneficial effects not only on working conditions in the logging industry, but also on the worker's income level.

The Council, therefore, stresses the importance of an immediate training program to provide skilled workers who will be able to adjust to the new techniques.

At the moment, the majority of those engaged in lumbering operations in the Mada-

waska region come from rural areas and on the average they are relatively young. This is an important factor, as it is generally admitted that the younger hands can adjust more readily to new working methods.

The Council's survey predicts that the new Adult Occupational Training Act will provide the industry with an opportunity to co-operate in this program by setting up re-training courses for workers engaged in forest operations.

The Council has neglected no aspect of the logging industry. After studying methods used by the large pulp and paper companies, it turned its attention towards the problems related to woodlot operations.

To this end, the Council has encouraged the establishment of subcommittees in every parish throughout the region and has provided them with work guides to facilitate their task.

These subcommittees have completed an exhaustive survey of the forest resources in the area, at the same time promoting interest in silviculture, with the aim of organizing farm woodlot logging on a more profitable basis. They also studied the means of improving marketing methods.

## **EDUCATION**

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Today's technological evolution requires changes in the traditional teaching methods and calls for the retraining of a large segment of the labour force.

The Northwest Regional Development Council, assisted by the Special Committee on Development, has therefore given special attention to the region's existing school system, one of the main objects of its research program.

Through this study of the academic situation throughout the region, the Council is in a

position to provide the people and the provincial authorities with specific recommendations on the types of changes that should be made in the region's educational system. The people had the opportunity to get acquainted with the large-scale school reorganization program established by the Department of Education of New Brunswick and are willing to co-operate in its implementation.

The CRANO survey has brought to light some very interesting facts concerning the level of education in the region. For instance, over 30 per cent of the people no longer attending school did not complete the fourth grade, and the drop-out rate in the Madawaska area is one of the highest in the province. CRANO authorities have resolved to cope with this problem by helping to set up a broad academic upgrading program. This year, some 600 adults have completed these courses and it is expected that approximately 1,000 will benefit from the program in 1968-69. This is mainly a part-time upgrading program.

## **TOURISM**

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The development of the tourist industry is a further means of contributing to higher incomes and new employment opportunities in the area. A socio-economic survey carried out by the Council has emphasized the lack of tourist facilities. This survey covered the regional and inter-regional means of transportation and many other factors which could contribute to the growth of the tourist trade.

While it is difficult for the Madawaska region to compete with the renowned areas of Prince Edward Island and Cape Breton, the Council's survey succeeded in identifying the means through which a more rational development of tourism could be achieved.

## **IMPLEMENTATION OF THE PLAN**

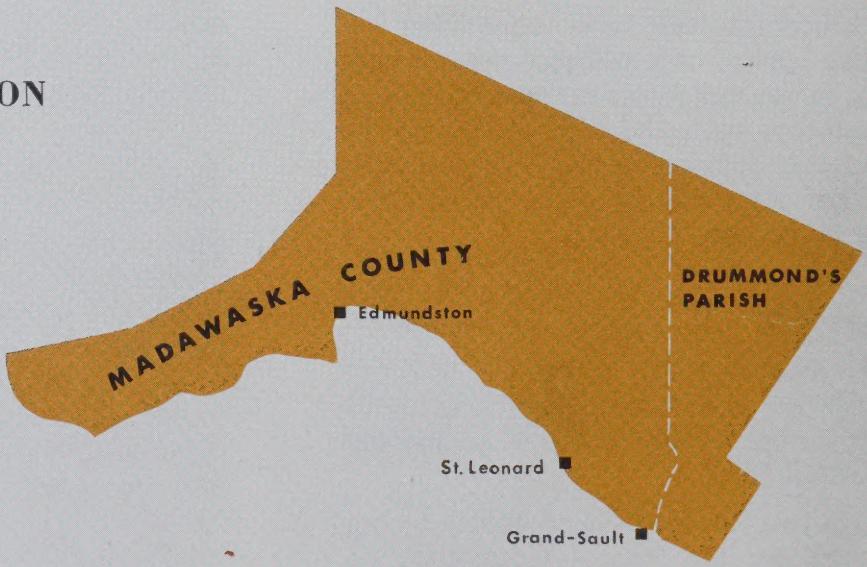
Once the results of this survey, in which the public took an active part, have been analysed, the Council and the Special Committee on Development will present their recommendations to the New Brunswick ARDA Administration, which, in turn, will submit them to federal ARDA authorities for approval. Next, the two governments will jointly determine the future pattern of development for the area.

It is impossible to say at this stage what the implementation machinery will be, but the local population will certainly be called upon to play a major role in carrying out the plan. Obviously, a number of undertakings not provided for in the plan will be carried out in the region and these will be stimulated by

the new social and economic climate which will spread progressively through the area. Needless to say, decisions concerning the implementation of a plan of this size cannot be reached by tossing a coin. Each problem must be carefully studied by government authorities and the suggested improvement measures must be closely examined. This process is sometimes quite lengthy and, understandably, a certain sector of the population might become impatient. CRANO authorities wish to remind the people of Madawaska that information concerning the Council's activities is available upon request and that they are invited to participate actively in this collective rehabilitation project.

The success of the Madawaska development program is dependent upon the active interest and participation of the people themselves.

### **MADAWASKA REGION**



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